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Viewing cable 05QUITO839, GUTIERREZ CLAIMS EMERGENCY DECLARATION BANK-RELATED

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Understanding cables

Every cable message consists of three parts:

- The top box shows each cable's unique reference number, when and by whom it originally was sent, and what its initial classification was.
- The middle box contains the header information that is associated with the cable. It includes information about the receiver(s) as well as a general subject.
- The bottom box presents the body of the cable. The opening can contain a more specific subject, references to other cables ([browse by origin](#) to find them) or additional comment. This is followed by the main contents of the cable: a summary, a collection of specific topics and a comment section.

To understand the justification used for the classification of each cable, please use this [WikiSource](#) article as reference.

Discussing cables

If you find meaningful or important information in a cable, please link directly to its unique reference number. Linking to a specific paragraph in the body of a cable is also possible by copying the appropriate link (to be found at the paragraph symbol). Please mark messages for social networking services like Twitter with the hash tags **#cablegate** and a hash containing the reference ID e.g. **#05QUITO839**.

Reference ID	Created	Released	Classification	Origin
05QUITO839	2005-04-16 14:09	2011-08-30 01:44	CONFIDENTIAL	Embassy Quito

Appears in these articles:

<http://m.elcomercio.com/wikileaks/cable.php?c=182be0c>
<http://m.elcomercio.com/wikileaks/cable.php?c=e369853>
<http://m.elcomercio.com/wikileaks/cable.php?c=1c383cd>

This record is a partial extract of the original cable. The full text of the original cable is not available.

C O N F I D E N T I A L QUITO 000839

SIPDIS

E.O. 12958: DECL: 04/15/2015

TAGS: [PGOV](#) [EFIN](#) [PREL](#) [ECON](#) [EC](#)

SUBJECT: GUTIERREZ CLAIMS EMERGENCY DECLARATION BANK-RELATED

Classified By: Ambassador Kristie A. Kenney, Reasons 1.4 (b),(d)

1. (C) Summary. President Gutierrez April 15 declared a state of emergency, suspending the Supreme Court and certain constitutional rights of Ecuadorians (septel). According to GOE sources, one of the reasons given for the declaration was that the Ecuadorian Supreme Court was about to arrest directors of the Banco de Pichincha and allow the return of their rivals, and fugitive bankers, Roberto and William Isaías, who formerly ran the failed Filanbanco bank. We find this rationale rather dubious. End Summary.

Declaration of Emergency

2. (C) President Gutierrez told the Ambassador April 15 that he declared the state of emergency because he learned that the Supreme Court was about to order the arrest of the directors of Ecuador's largest bank, the Banco de Pichincha. (Note: see septel for other, non-economic reasons for the declaration. End note.) The Banco de Pichincha is run by the Egas family, which also owns an Ecuadorian television station. In addition, newly nominated Ecuadorian Ambassador to the United States Mauricio Pozo also has a brother who is an executive with the bank. It was Pozo who first told the Ambassador about the state of emergency.

Gutierrez Fears Collapse of the Government

3. (C) Another reason for the emergency declaration, according to Gutierrez and other GOE officials is that the Supreme Court was also about to dismiss pending charges against fugitive bankers (now in the United States) Roberto

and William Isaias, allowing them to return to Ecuador without threat of arrest. The Isaias brothers once ran Filanbanco, one of the banks that failed in the 1999-2000 banking crisis. They still own a television channel as well. The brothers are alleged to have absconded with hundreds of millions of dollars. The GOE has made requests (some might say half-hearted) to the USG for the return of the Isaias brothers, either through extradition or deportation procedures.

The Feud -----

14. (C) There is no love lost between the Egas and Isaias families. Last fall the Egas family, using their television station, broadcast a serial program on corruption in Ecuador. One of the episodes involved bank corruption and focused on the alleged misdeeds of the Isaias brothers. They offered the Isaias brothers the opportunity to air their side of the story. Instead, the Isaias brothers, through their own media sources, encouraged a run on Banco de Pichincha, which nearly caused the collapse of the bank. That incident was eventually resolved through the intervention of the Catholic Church.

15. (C) Gutierrez, who ran for president on an anti-corruption campaign, had vowed to obtain the return to Ecuador of all the fugitive bankers, including the Isaias brothers. He and others in his Government feared that the return of the Isaias brothers would bring the fall of his administration. The head of the Supreme Court, a member of former Ecuadorian President Abdala Bucaram's PRE party had only two weeks ago dismissed criminal charges against Bucaram, former President Gustavo Noboa and former Vice President Dahlik. Gutierrez's party has little influence of its own in the Supreme Court. Rumors fly constantly about who is in the Isaias brothers' pocket, and it is likely that many Ecuadorian politicians have received funds from the brothers. The prevalent rumor in recent weeks has been that the Isaias' are close to Bucaram, and that the next step by the Supreme Court President would be to drop the charges against them.

Comment -----

16. (C) We think Gutierrez's emergency declaration is, at minimum, an overreaction to the threatened action. It may have also been the result of over-confidence by Gutierrez, having just witnessed the failure of a proposed nation-wide strike against him. The Ambassador has asked Gutierrez and the opposition to show restraint and work together toward a peaceful resolution to this latest crisis.
KENNEY